

Policy for Identification of Beneficial Ownership

We hereby ensure to obtain, as part of their Client Due Diligence policy, sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account.

The beneficial owner has been defined in the circular as the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

SEBI has also prescribed uniform Know Your Client (KYC) requirements for the securities markets vide circular nos. CIR/MIRSD/16/2011 dated August 22, 2011 and MIRSD/SE/Cir-21/2011 dated October 5, 2011. The SEBIKYC Registration Agency (KRA) Regulations, 2011 have been notified and guidelines have been issued under these regulations from time to time.

A. For clients other than individuals or trusts:

Where the client is a person *other than an individual or trust*, viz., company, partnership or unincorporated association/body of individuals, we shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
 - ii. more than 15% of the capital or profits of the juridical person where the juridical person is a partnership; or
 - iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
- b. In cases where there exists doubt under clause 4 (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

- c. Where no natural person is identified under clauses 4 (a) or 4 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

B. For client which is a trust:

Where the client is a *trust*, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and another natural person exercising ultimate effective control over the trust through a chain of control or ownership.

C. Exemption in case of listed companies:

Where the client or the owner of the controlling interest is a company listed on a stock exchange or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

D. Applicability for foreign investors:

Intermediaries dealing with foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

E. Implementation:

The provisions of this circular shall come into force with immediate effect. Intermediaries are directed to review their Know Your Client (KYC) and Anti-Money Laundering (AML) policies accordingly.

The Stock Exchanges and Depositories are directed to:

- a. bring the provisions of this circular to the notice of the Stockbrokers and Depository Participants, as the case may be, and also disseminate the same on their websites;
- b. make amendments to the relevant byelaws, rules and regulations for the implementation of the above decision in co-ordination with one another, as considered necessary;
- c. monitor the compliance of this circular through half-yearly internal audits and inspections; and
- d. Communicate to SEBI, the status of the implementation of the provisions of this circular.

In case of mutual funds, compliance of this circular shall be monitored by the Boards of the Asset Management Companies and the Trustees and in the case of other intermediaries, by their Board of Directors.

This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.